



U.S. Department of Justice

*United States Attorney
Southern District of New York*

The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007

March 11, 2017

BY EMAIL AND ECF

Honorable P. Kevin Castel
United States District Judge
Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, New York 10007

**Re: United States v. William T. Walters, a/k/a "Billy,"
S1 16 Cr. 338 (PKC)**

Dear Judge Castel:

The Government writes in response to the Court's Order of March 1, 2017, directing the U.S. Attorney to report to the Court in writing on certain investigations and proceedings. For the reasons set forth herein, the Government respectfully requests that the Court allow the Department of Justice's Public Integrity Section, rather than the U.S. Attorney's Office, to provide these updates, and to do so *ex parte* and under seal.

The Court's March 1, 2017 Order denied the defendant's motion to dismiss the Indictment and Court directed that:

... the United States Attorney for this district [] report to the Court in writing on the status of all investigations and proceedings against Special Agent Chaves or any other person making or concealing unauthorized disclosures related to insider trading investigations within 14 days of this Memorandum and Order and, thereafter, within 14 days of the close of every calendar quarter until further ordered.

Order at 2. As the Court is aware, on or about December 20, 2016, the Department of Justice opened a criminal investigation into the leaks at issue, overseen by the Department's Public Integrity Section ("PIN"), a component independent of the U.S. Attorney's Office. Gov't Mem. at 17-18. PIN has informed us, and we have reported to the Court, that while "the investigation will initially focus on the disclosure of non-public information in this case, if the investigation uncovers evidence of misconduct in other matters, PIN can broaden the scope of the investigation." *Id.* at 18. On February 9, 2017, the United States Attorney's Office for the

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Southern District of New York (the “Office”) was formally recused from the investigation of Special Agent Chaves, under Department of Justice procedures. As a result, PIN, rather than the Office, is the Department of Justice component able to provide the Court updates on the investigation, and PIN has advised that it will do so if the Court permits.

Finally, the Government requests that the Court allow PIN to submit its updates *ex parte* and under seal. The criminal investigation remains active, and public disclosures about the investigation could hinder it. We therefore request that the Court permit PIN to update the Court *ex parte* and under seal. PIN proposes to deliver its updates by U.S. mail, or courier service.

Respectfully submitted,

PREET BHARARA
United States Attorney

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